

Strengthening Economy

Strong growth in the Territory economy will continue to provide major opportunities for local businesses. The size and diversity of the local market is increasing and better transport links mean better access to Australian and international markets.

Economic Growth

The Territory economy is performing strongly, with estimated growth of 6.7 per cent in 2005-06 and growth forecast to remain strong throughout 2006-07. Major contributors to growth in 2006-07 include increased alumina production from the Alcan G3 refinery expansion, a full year of production from the Wickham Point liquefied natural gas (LNG) plant and exports from the new Bootu Creek mine near Tennant Creek.

Supported by construction work on the Darwin Waterfront Development, continuing high levels of residential construction and the rebound in international visitor numbers, local employment is forecast to increase by 2.3 per cent in 2006-07 following an estimated growth of 2.1 per cent in 2005-06.

Population

The Territory recorded a 1.7 per cent increase in population in 2005 supported by net interstate inflows for the first time since 1997. The positive economic outlook and employment opportunities underpin forecast population growth of 1.5 per cent in 2006 and 1.2 per cent in 2007.

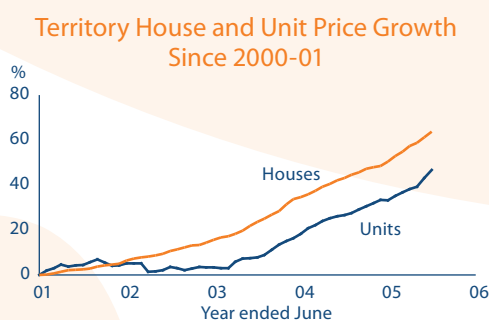
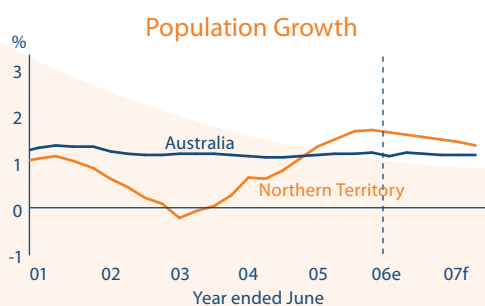
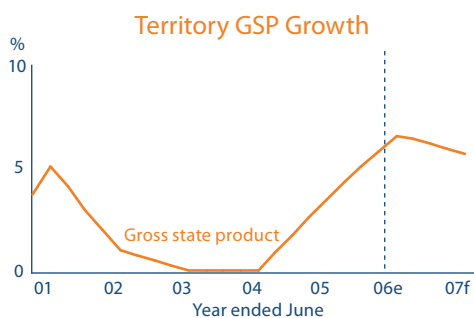
Transport

Looking further ahead, the economic base of the Territory is expected to expand significantly over the next decade. The completion of the Adelaide to Darwin rail link represented a major milestone in the development of the Territory's transport infrastructure. It provides significant opportunities for regional development, particularly as a cost-effective method to transport bulk commodities from mining production, as well as better access to southern markets for local manufacturing.

Property Values and Residential Construction

In 2005, house prices in the Territory increased by 15 per cent, the strongest growth since the mid 1990s, with unit prices up 24 per cent in the same period. House sales are at record levels, while unit sales are at

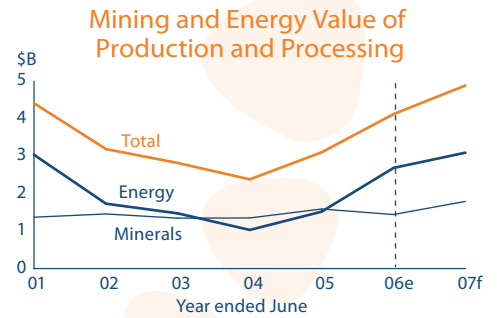
close to record levels. Over the last two years, the value of residential construction work done increased by 37 per cent, while residential building approvals have increased by 36 per cent. These strong residential construction figures translate directly into work for the construction industry, suppliers and related support firms.



e: estimate
f: forecast

Sensis Report on Consumer Confidence

According to the latest Sensis Consumer Report, Territory consumers are the most confident of all the nation's consumers. In the March quarter, a net 72 per cent of Territory consumers reported feeling confident about their financial prospects for the year ahead, compared to 56 per cent nationally. The Territory also recorded the biggest improvement in confidence compared to the previous quarter (December 2005).



Gas

The Territory remains on the verge of a major development phase for gas reserves and for gas-based manufacturing. Should efforts to bring more Timor Sea gas onshore prove successful, it could be used as feedstock for further production of LNG or other gas-based products such as methanol, ethane, ammonia/urea fertilisers and various petrochemicals. It also has the potential to provide cheap and efficient energy for the manufacture of alumina, magnesium and other ore concentrates, and for the production of electricity that could advance local value-adding opportunities.

Tourism

The medium term outlook for tourism, which is an important source of local employment, is positive. The recent steady increase in visitor numbers is expected to continue, and will be supported by major tourism-related projects, including the Darwin Convention and Exhibition Centre and a planned low-rise tropical resort at Little Mindil in Darwin. The number of airline seats into and out of the Territory has grown significantly in recent times, increasing visitor numbers.

Summary of Territory Economic Indicators

Year on Year Percentage Change	2001-02	2002-03	2003-04	2004-05	estimate 2005-06	forecast 2006-07
Real GSP	1.2	0.1	0.2	3.6	6.7	5.8
Resident employment	5.4	-0.1	-2.2	-2.0	2.1	2.3
Population*	0.9	0.1	0.3	1.1	1.7	1.5
Darwin CPI#	3.6	2.2	2.1	1.6	2.6	2.9

* As at December, annual percentage change

As at December

Sources: Australian Bureau of Statistics and Northern Territory Treasury

Infrastructure Spending

Total Government infrastructure spending in 2006-07 is estimated to be \$482 million. Capital works expenditure is estimated at \$167 million and Power and Water Corporation capital expenditure will total \$83 million. Repairs and maintenance for 2006-07 will total \$172 million including Power and Water Corporation.

2006-07 Major Works Program

Roads and other transport infrastructure	\$74.47M
Schools	\$33.81M
Housing	\$21.60M
Darwin Waterfront Development	\$15.54M
Desert Knowledge Precinct	\$14.16M
Hospitals – Darwin, Alice Springs and Tennant Creek	\$12.94M
Health centres	\$8.97M
Lifestyle and environment	\$11.49M
Darwin Port and Business Park	\$5.89M
Police, Fire and Emergency Services	\$4.99M
Land developments	\$2.98M